

CONFIDENTIAL

EXECUTIVE COMMITTEE

ARMY AND NAVY MUNITIONS BOARD

RESOURCES POTENTIAL PROGRAM

THE PROBLEM

1. To consider and make recommendations relative to the establishment of a long-range continuous program involving the location of various raw materials abroad, the grades and reserves, transportation facilities required for exploitation, labor conditions and general production costs.

*Information
not
intelligence.*

THE FACTS BEARING ON THE PROBLEM

2. The United States requires information of this nature on raw materials in order to rationalize the territorial and financial claims of various nations.

3. The Army and Navy Munitions Board needs such data in the determination of the sources from which can be secured the most desirable grades of various strategic and critical materials, to such extent insuring independence of the United States in event of future hostilities, instead of depending on grades and supplies of materials from foreign sources on the basis of past supply statistics as is the instance in many materials currently regarded as strategic and critical.

4. The availability of such information, plus data on the industrial resources of various nations, would enable the Army and Navy Munitions Board and the various departments of the Government to evaluate the relative position of the United States from an Industrial Mobilization viewpoint, as compared to a possible future enemy in view of the potential resources such an enemy might have at its command.

CONFIDENTIAL

~~CONFIDENTIAL~~

-2-

5. No coordinated effort has been made to this end heretofore, because:

(a) funds allotted to Government Agencies designated to ascertain resources - such as Bureau of Mines and the Geological Survey of the Department of Interior - restrict their operations to the continental United States, its territories and Liberia;

(b) the United States has, unwarrantedly, been considered self-sufficient;

(c) there has never been the drain on our resources such as the current wartime consumption;

(d) no agency existed for the purpose of coordinating such information and none has pushed the matter; and

(e) the above points and the overwhelming dependence of National Security on Industrial Mobilization was never as apparent to the Army and Navy as it is now. Future security depends on the type of cooperation now at its highest level, and knowledge of available resources and the requirements thereof are of prime importance to this end.

6. The War Department has already supported a plan of this nature in a minor way, having fifteen geologists currently investigating mineral resources in Korea and Japan; further, it has requested of the U.S. Geological Survey that seven additional technically qualified men be made available.

7. One means of supporting the Resources Potential Program is afforded by H.R.4368, a bill to extend and broaden the existing programs for inter-change of persons, knowledge and skills between people of the United States and other countries, which is now under consideration.

~~CONFIDENTIAL~~

DISCUSSION

8. The lack of data on foreign resources has hampered operations during this war. For example, during 1943 the War Production Board and the military representatives to that Board were forced to request of the Signal Corps and the Bureau of Ships that substitution be resorted to because the known world resources of the rare metal tantalum would not support the then existing plans to double the use of the metal in radar and related applications. Subsequently, it was developed that the resources of tantalum in Brazil would have gone far towards furnishing the required additional quantities.

9. In early 1945 the Army Air Forces were forced to drastically cut their jet engine program because the research staffs of the General Electric Company and Allison Division of General Motors Corporation had developed the engine around the use of another rare metal, columbium, which would have required more than twice the known world supply of the metal, even if all applications other than jet engines were eliminated.

10. The above examples are exceptions in some respects but there do exist instances where industry labored under technological and economic handicaps, because of a lack of specific grades of materials the known sources for which were in tight shipping areas. It may well be that desirable grades are close at hand in geologically unexplored areas. Aside from this, some end products resulting from shortages of quality raw materials required more frequent replacement, which hampers military efficiency. It is to be emphasized that in many instances our estimates of foreign reserves cannot be stated in figures, rather are referred to as "believed small", "believed moderate", et cetera.

11. The above is no reflection on the Department of Interior which heretofore has - with minor exceptions - been restricted to explorations in the continental United States, or:

(a) the Department of Commerce which is primarily engaged in gathering known and published trade statistics, not determining resources, a function which by law is assigned to the Department of Interior;

(b) the Foreign Economic Administration which has as its primary purpose the procurement of adequate materials for the prosecution of the war, and has gathered little data relative to resources potentials on a geological basis, and under current planning will cease to exist when the emergency terminates;

(c) the Feis Committee which dissolved with the departure of the chairman from the Department of State, and in any event had barely gotten under way. Further, the major committee for whom it acted in an advisory capacity has apparently been replaced by the "President's Executive Committee on Foreign Economic Policy", on which the Department of Interior, the Army and Navy are not represented.

12. A valuable amount of uncorrelated and valuable data will soon be consigned to isolated archives by the dwindling war agencies and other Government organizations.

13. The proposed program would entail the collection of data available in the United States and the utilization of qualified specialists sent abroad for the specific purpose of checking such data and amassing additional information. For these purposes it was proposed there be utilized the experienced personnel of the Department of Interior, Agriculture, et cetera. It cannot be too greatly emphasized at this point

~~CONFIDENTIAL~~

-5-

that to be accurate and hence of real value, the use of people of such background is essential. Further, it utilizes permanent agencies established by Congress for such purposes.

14. The initial proposal of a Resources Potential Program was submitted by Lt. Commander James F. Widman, U.S.N.R., to the Logistics Plans Division of the Chief of Naval Operations, by whom it was approved as a program of enormous value, with the proviso that, if adopted, the Department of State would be the appropriate agency to put it into effect, rather than the Army and Navy. The Secretary of the Navy addressed the Secretary of State under date 23 September 1944, outlining a program which envisioned the compilation, checking and evaluation of information available in this country and the sending of qualified people abroad to check information which did not exist or which was scanty. The Secretary of State replied on 24 October 1944 indicating that the proposal was receiving consideration and progress would be reported later. On 25 October 1944 an informational meeting was held by the Department of State at which the following were represented: War, Navy, Interior and Agriculture Departments, Combined Raw Materials Board and the Foreign Economic Administration. It was unanimously agreed that such a program should be placed in immediate operation and that it required a central coordinating agency for which the Department of State appeared to be best suited. The meeting was adjourned with the understanding that the Department of State would give consideration to the method for handling such a program.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

15. Subsequently, representatives of the Commodities Division and the Office of Wartime Economic Affairs in the State Department requested that Lt. Commander James F. Widman, U.S.N.R., submit the names of those materials on which information was lacking, as well as a preliminary proposal for initial investigations. The names of such materials and the proposal of the Navy Department were submitted 23 January 1945. The materials were those on the List of Strategic and Critical Materials. On 8 March 1945 there was forwarded a concise outline of the inception and expansion of abaca production in this hemisphere, with particular reference to the efforts of the Navy and the United Fruit Company. When, despite all of these efforts, no response had been received, a letter recapitulating all of the Navy's correspondence was forwarded on 26 May 1945. In response to this communication the Department of State replied to the Secretary of the Navy on 18 July 1945 proposing an interdepartmental committee as the instrument for achieving the needed coordination. Similar letters were sent to the War, Interior, Commerce and Agriculture Departments, the Foreign Economic Administration, War Production Board and the Bureau of the Budget. The technical agencies, i.e., Interior, Commerce, Agriculture, et cetera, strongly objected to this inclusion of their prerogatives under the Department of State.

16. The Secretary of Interior addressed the Secretary of the Navy on 3 August 1945 enclosing a copy of the response of the Department of Interior to the Department of State. In essence the Secretary of Interior objected to inclusion of a program on resources under the cumbersome

~~CONFIDENTIAL~~

-7-

machinery of an interdepartmental coordinating committee. He believed the needs of the Military could be best served by direct cooperation with the technical agencies but recognized that some interdepartmental discussions might be desirable. The Secretary of the Navy responded to each the Secretary of State and the Secretary of Interior on 22 August 1945, pointing out that the Navy Department had previously indicated that primary responsibility for developing data on foreign resources rested with the technical agencies having cognizance over such materials; that machinery for conference was a generally agreed necessity; to this end suggesting the alternative of a Resources Potential Program under the auspices of the Army and Navy Munitions Board; and designated the Navy Member of the Executive Committee, Army and Navy Munitions Board, as the Navy Department representative to meet with the various agencies to work out a suitable arrangement. The Department of State has initiated no action to call the meeting referred to in Acting Secretary Grew's letter of 18 July 1945.

17. The establishment of the announced new Federal Intelligence Agency appears to afford the opportunity to institute the Resources Potential Program as a basic part of the overall intelligence effort.

CONCLUSIONS

18. A committee should be established to include:

- Department of State
- Department of Commerce
- Department of Agriculture
- Department of Interior

Army and Navy Munitions Board
(as representative of the War and Navy Departments)

and, on a temporary basis:

Foreign Economic Administration

Combined Raw Materials Board

Civilian Production Administration

19. The primary purpose of such a committee would be to consider the problems that cut across some or all of the other organizations represented. Initially, each Department or Agency represented would make available to the cognizant technical agency all data on the materials within the purview of that organization. The data would then be reviewed and evaluated by the cognizant organization. Data which Industry might be prevailed upon to make available would be checked and people sent abroad as and if required. A loose-leaf report would be prepared, would be corrected and revised from time to time. A copy would be maintained in at least the technical agency and the Army and Navy Munitions Board.

RECOMMENDATION

20. That the letter in Enclosure (A) be sent to the Secretary of State.

ENCLOSURE "A"

MEMORANDUM FOR THE SECRETARY OF STATE

1. Under date 18 July 1945 letters were addressed by the Department of State to the War, Navy Interior, Commerce and Agriculture Departments, Foreign Economic Administration and War Production Board suggesting the establishment of an Interdepartmental Committee on Foreign Material Resources under the auspices of the Department of State, which would assume full coordinating responsibility for the purpose of investigating foreign supplies of minerals and other raw materials. In the letters the request was made that each organization nominate representatives to meet and discuss the matter.

2. The War and Navy Departments, having vital and continuous interest in the implementation of such a program, desire that it be initiated at the earliest possible moment. In view of the announced establishment of a new Federal Intelligence Agency within the Department of State, it is believed that the Resources Potential Program can be initiated and prosecuted under its auspices. It is suggested that the Department of State call as promptly as possible the meeting mentioned in their letter above referred to.

ENCLOSURE "A"